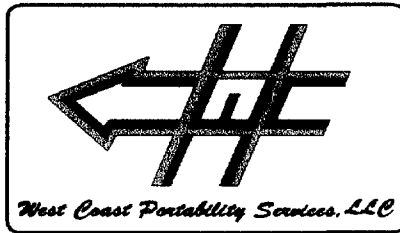


ORIGINAL**West Coast
Portability
Services, LLC**

*Richard Scheer, Chair
795 Folsom St. Room 285
San Francisco, CA 94107*

RECEIVED

JAN 23 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

January 23, 1998

Mr. A. Richard Metzger
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

Re: CC Docket 95-116, DA 98-109, Recommendation To Delay Filing of
47 CFR § 52.3 (E) Waiver Requests by Individual Carriers for Local
Number Portability Phase 1 Implementation

Deployment of Long-Term Local Number Portability in the Atlanta and
Los Angeles MSAs

Dear Mr. Metzger:

We are writing on behalf of West Coast Portability Services, LLC and the members thereof¹ and Southeast Region Number Portability Administration Company, LLC and the members thereof² (collectively, the Joint LLCs). The members of the Joint LLCs unanimously support the request espoused in this letter.

¹ The members of West Coast Portability Services, LLC are AT&T Corp., Cox California Telcom, Inc., Electric Lightwave, Inc., GTE California Incorporated, MCImetro Access Transmission Services, Inc., MediaOne, Pacific Bell, Sprint United Management Company, Teleport Communications Group, Inc., TCI Telephony Services of California, Inc., Time Warner AxS of California, LP and WorldCom.

² The members of Southeast Number Portability Administration Company, LLC are AT&T Corp., BellSouth Telecommunications, Inc., Business Telecom, Inc., GTE Florida Incorporated, MCImetro Access Transmission Services, Inc., MediaOne, Sprint United Management Company and WorldCom.

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Joint LLCs ask that this letter be treated as Comments on the January 21, 1998 North American Numbering Council (NANC) *"Recommendation To Delay Filing of 47 CFR 52.3 (E) Waiver Requests by Individual Carriers for Local Number Portability Phase 1 Implementation"* as described in the Federal Communications Commission (Commission) Public Notice DA 98-109. Joint LLCs understood, based on discussion at the January 20, 1998 NANC meeting that NANC would make such a request through its Chairman, Mr. Alan Hasselwander. Joint LLC members support the NANC Recommendation, for the reasons explained herein.

Consistent with the January 21, 1998 NANC Recommendation, the members of the Joint LLCs hereby unanimously request a change of the time period within which carriers must seek waivers of the Commission's deadline for deployment of long-term local number portability (LNP) in the Atlanta, GA, and Los Angeles, CA Metropolitan Statistical Areas (MSAs). Our request is for a one-time-only modification to the waiver filing period, is limited to these MSAs and relates only to delays in LNP deployment associated with the deferred availability of the Number Portability Administration Center/Service Management System (NPAC/SMS). Thus, individual carriers who seek waivers of the Commission's existing deadlines due to circumstances involving deployment of LNP capability within their own switches or other network elements should do so in accordance with existing waiver filing deadlines.

According to the Commission's LNP implementation schedule, LNP should be available in the seven "Phase 1" MSAs, including Atlanta and Los Angeles, no later than March 31, 1998.³ The Commission's order requires that carriers seeking a waiver or extension of the deployment date must do so at least 60 days prior to the deployment date, or by January 30, 1998 for the Phase 1 MSAs.⁴ Specifically, we ask that, with respect to the Atlanta and Los Angeles MSAs, the Commission extend that deadline until March 1, 1998, i.e., we ask that the 60 day "window" be shortened to 30 days, due to the extraordinary circumstances described below.⁵

³ First Memorandum Opinion and Order on Reconsideration, *In the Matter of Telephone Number Portability*, CC Docket No. 95-116, Released March 11, 1997, (LNP Reconsideration Order) ¶ 78.

⁴ *Id.* ¶ 82 (In order to receive a waiver of the schedule, carriers must "demonstrate, through substantial, credible evidence, at least sixty days before the completion deadline, the extraordinary circumstances beyond their control that leave them unable to comply with the schedule, including 'a detailed explanation of the activities that the carrier has undertaken to meet the implementation schedule prior to requesting an extension of time.'")

⁵ The Joint LLCs understand that Western Region Telephone Number Portability, LLC, which selected Perot as the LNPA for the Western Region (which includes Minneapolis among the Phase 1 MSAs), plans to make a similar request. The Joint LLCs believe the relief sought for the Atlanta and Los Angeles MSAs is also appropriate for the Minneapolis MSA.

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Briefly stated, the NPAC/SMS database and associated facilities needed for long-term LNP are not yet ready for Intercompany Testing, which must precede commercial LNP availability in the affected MSAs. The delay is due to the failure of the designated LNP Administrator (LNPA), Perot Systems Corporation (Perot) and its subcontractor Nortel to provide a stable software and hardware platform during Turn-Up Testing and Service Provider (SP) to SP NPAC Testing.⁶

Perot's latest project recovery proposal to the Joint LLCs would extend SP to SP NPAC Testing over six additional software loads through July 6, 1998. On its face, Perot's plan, if accepted by the Joint LLCs, will result in a significant impact to the FCC implementation schedule in these regions. However, the extent of the impact on the implementation schedule cannot yet be quantified. The Joint LLCs are currently evaluating the extent of the impact of the Perot proposal as well as other options which could potentially minimize the impact on the implementation schedule. This evaluation, while proceeding rapidly, requires additional time and effort by the Joint LLCs and cannot be concluded by the current Phase 1 MSA waiver filing deadline of January 30, 1998.

The Joint LLCs believe the Commission and those industry members who have not had direct, day-to-day contact with the development of the NPAC would benefit from a summary of the events which have led the Joint LLCs to make this request. In providing this summary, the Joint LLCs hope to accomplish two objectives. Our first aim is to comply with the Commission's directive to demonstrate the extraordinary circumstances beyond the control of carriers in the Atlanta and Los Angeles MSAs that leave them unable to comply with the LNP implementation schedule, including "a detailed explanation of the activities...undertaken to meet the implementation schedule prior to requesting an extension of time."⁷ Secondly, we expect that this summary will demonstrate, and we would like to underscore, the remarkable level of cooperation among LLC members, including incumbent and new competitive carriers, who have worked diligently to bring the NPAC project back on track. Indeed, while retaining their separate and autonomous corporate structures for administrative and voting purposes, the Joint LLCs have functioned essentially as a single

⁶ "Turn-Up Testing" as used in the Perot Amended Contracts (§ 8.4.5) involves three separate Phases. Phase 1 of Turn-Up Testing is consistent with the description of "Turn-up Testing" as used in the *NPAC System and Center Readiness LLC Reports to NANC*. Phases 2 and 3 of Turn-Up Testing essentially equate to the description of "SP to SP NPAC Testing" as that term is used in the *NPAC System and Center Readiness LLC Reports to NANC*. Phase 3, which includes stress testing, performance data, and disaster recovery, has never officially begun with Perot, in part because of the unresolved Problem Reports remaining from Phases 1 and 2 test results. The latest *NPAC System and Center Readiness LLC Report to NANC* is attached hereto.

⁷ LNP Reconsideration Order, ¶ 82.

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entity in coordinating activities among themselves and communications with Perot.⁸

As the Commission is aware, three LLCs separately selected Perot as the LNPA to provide NPAC/SMS services to their regions. Perot's selection in these regions was subsequently endorsed by NANC and approved by the Commission.⁹

Under the initial Master Contracts with each of the three LLCs, Perot was to provide NPAC/SMS services by October 1, 1997. As Turn-Up Testing was underway last summer, however, it became apparent that Perot and its subcontractor Nortel had not provided a stable software and hardware platform for testing, and by early September, 1997, it was clear that Perot could not meet the October 1, 1997 contract date.

Consequently, the LLCs redoubled their efforts to meet the Commission-mandated implementation date for Phase 1 MSAs. During September and October, the LLCs met collectively and repeatedly with Perot and Nortel to negotiate Amended Master Contracts that provided for a remarkable degree of industry cooperation. The Amended Contracts provided for testing on a six-days-per-week, 16-hours-per-day schedule, acknowledged the testing experience of NPAC Users (i.e., Service Providers) within a region who would subsequently test in another region, and established "staggered" testing start dates for so-called Group A, B and C Users in the three Phases of Turn-up Testing.¹⁰ These Amended Contracts with Perot, effective October 22, 1997, called for Perot to meet the criteria for delivery of NPAC/SMS services by a new "Performance Date" expected to be no later than December 15, 1997.¹¹ It was expected that NPAC delivery by December 15, 1997 would still allow sufficient time to meet the Commission's Phase 1 MSA deadline. The Amended Contracts also substantially raised the penalties, in the form of Delay Credits, for which Perot would be liable for failing to meet significant testing milestones and failing to fulfill the Performance Date criteria by December 15, 1997. In addition, the

⁸ This cooperation in regard to NPAC delays has been displayed by the members of all three LLCs in the affected regions: West Coast Portability Services, LLC, Southeast Number Portability Administration Company, LLC and Western Region Telephone Number Portability, LLC.

⁹ Second Report and Order, *In the Matter of Telephone Number Portability*, CC Docket No. 95-116, Released August 18, 1997, ¶¶ 25-33.

¹⁰ Group A Users were MCI and US West; Group B Users were AT&T, BellSouth, Illuminet and Sprint; Group C Users were GTE and Pacific Bell.

¹¹ Under the Amended Contracts, "Performance Date" is a defined term, i.e., the date by which Perot makes available an NPAC/SMS which complies fully with specifications and successfully passes Test Cases with a specified minimal number of defects present on that date.

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Amended Contracts expanded the LLCs' rights to terminate arrangements with Perot.

In addition, as part of expanded LLC oversight demanded by the LLCs during contract renegotiations, the LLCs arranged and paid for a comprehensive audit of Perot/Nortel's management of the NPAC project. That audit was conducted by subject matter experts from LLC members and Sente Corporation at Nortel's facilities in Rochester, NY on November 3-4, 1997.¹²

Regrettably, the revamped testing schedule and staggered testing milestones for Group A, B and C Users did not bring about the anticipated level of improvements to the Perot/Nortel platform. A high number of significant Problem Reports (PRs) were identified by the Service Providers, and as December 15 loomed, it was clear that Perot would miss its contractual commitment again. On December 5, 1997, the LLCs sent Perot a letter outlining our concerns with NPAC timing and quality, asking Perot to acknowledge any inability to meet the Performance Date criteria by December 15, 1997 and provide a revised schedule. On December 10, 1997, Perot provided its first view of a plan to improve the quality of its NPAC software; that plan called for the NPAC to be available for intercompany testing in March, 1998. That plan was further discussed by the LLCs during a cross-regional meeting on December 11, 1997; Ms. Bonnie Baca, Co-chair of the Technical and Operational Requirements Task Force of the NANC LNPA Working Group, was invited to participate in that discussion via conference call. On December 15, 1997, the LLCs sent Perot a second letter, notifying Perot that its December 10 proposal did not conform with the delivery schedule and specifications in the Amended Contract. The LLCs also provided NANC a brief written status report for distribution at the December 16, 1997 NANC meeting.¹³

The LLCs also arranged for a meeting with Perot and Nortel executives to discuss the Sente Corporation audit findings and Perot's recovery plan. Before that meeting could take place, on December 19, 1997 Perot responded to the LLCs' letters, and on December 23, 1997 Perot released another project plan (revised somewhat again on December 30, 1997) which slipped the Performance Date even further. The December 30 plan calls for six additional software loads (Loads A through F) to be released for SP to SP NPAC Testing through July 6, 1998. The LLCs met with Perot and Nortel in Denver on January 8, 1998 for a frank discussion of the assumptions built into the "July delivery plan." Mr. Alan Hasselwander, NANC Chairman was present at the Denver meeting, and Ms.

¹² The LLCs would be willing to make the Sente Audit Report available to the Commission or its staff under protective seal upon request.

¹³ Copies of the December 5 and December 15 LLC letters to Perot, the December 16 LLC Status Report to NANC, and the December 19 Perot reply to the LLCs are attached.

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Marian Gordon, the Commission's delegate to NANC, participated via teleconference bridge.¹⁴

As a further outcome of the January 8 Denver meeting, the LLCs arranged for a System Architecture Review of the Perot/Nortel NPAC architecture, which took place in Nortel's Rochester facility on January 15-16, 1998.

As the foregoing "docudrama" indicates, the LLCs have been diligently working for the earliest possible delivery of NPAC/SMS services, while Perot's commitments to deliver have continued to slip, most significantly between December 10 and December 30. Users are continuing their testing of Perot/Nortel's current software, Load 71E. We are continuing our dialogue within the LLCs and with Perot at every level, including discussing the situation with Perot's Chairman, Mr. Ross Perot, who graciously asked to speak with the LLCs at a meeting in Dallas on January 20, 1998 and committed to personally explore alternatives which might potentially accelerate Perot's NPAC deployment.

Moreover, in a commitment to make LNP available at the earliest possible date, the LLCs have been considering the possibility of engaging the services of another NPAC/SMS vendor if the LLCs ultimately determine Perot cannot satisfy its obligations. The LLCs have asked for and are currently evaluating a high level estimate of time and costs for transition to the services of that vendor. In so doing, the LLCs have not and are not committing to establish a contractual relationship with that vendor.¹⁵

¹⁴ Copies of the Perot/Nortel presentation materials from the January 8 meeting were provided to Mr. Hasselwander and Ms. Gordon, and additional copies can be provided to the Commission or its staff upon request to the LLCs.

¹⁵ As the Commission is aware, currently the only other NPAC/SMS vendor is Lockheed Martin IMS. Some Joint LLC members are concerned about establishing Lockheed Martin IMS as a monopoly provider of NPAC services, in addition to Lockheed's role as the successor to Bellcore and regional incumbent LECs as North American Numbering Plan Administrator (NANPA) and CO Code Administrators, respectively. The Joint LLCs believe, consistent with ¶ 38 of the Second Report and Order, there is no Commission requirement for two or more NPAC vendors, although a duopoly may be preferable to a single vendor environment.

In addition, there has been some concern about how quickly the LLCs could change the current LNPA, if such a change becomes warranted. The Joint LLCs note that such a change in Commission approval of an LNPA is contemplated in ¶ 33 of the Second Report and Order. The Joint LLCs seek assurance that, if a vendor change becomes necessary to allow the timely availability of LNP in the affected regions, any regulatory or administrative action deemed necessary by the Commission to change the LNPA associated with specific regions under the Second Report and Order would occur without delay.

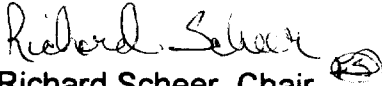
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Clearly, the Joint LLCs are at a critical juncture in the LNP implementation process. All Joint LLC members agree that LNP will not be timely deployed in the Atlanta and Los Angeles MSAs due to Perot's delay. However, the extent of the delay is unclear at present. Due to the evolving status of our negotiations with Perot as well as the possibility of an agreement with another LNPA, any waiver request related to NPAC availability that is filed before the end of February would necessarily be based largely on speculation and conjecture. That is so because ongoing efforts to resolve the issues flowing from Perot's delay will not progress to the point where carriers will know the amount of time beyond March 31 (or any other MSA implementation date) that will be needed to meet the Commission's deployment deadlines. With the extension, however, the Joint LLCs will have the time necessary to gather more information on whether Perot will remain the LNPA for the affected regions, and thus, will be in a better position to meet the Commission's requirement to provide "substantial, credible evidence" of the "extraordinary circumstances" giving rise to a waiver request.

As previously stated, if granted, this extension of time would in no way affect each carrier's obligation to have its own network prepared to deploy LNP within the Phase 1 MSAs by March 31, 1998, in compliance with the Commission's schedule. Waiver requests for carriers' specific switches in Phase 1 MSAs must be filed by the current deadline of January 30, 1998.

For these reasons, the Joint LLCs respectfully request that the Commission change the period of time during which an NPAC-related waiver for the Atlanta and Los Angeles MSAs may be requested from sixty days prior to the LNP implementation deadline (January 30, 1998), to thirty days prior to the LNP implementation deadline, or March 1, 1998.

Respectfully submitted,


Richard Scheer, Chair
West Coast Portability Services, LLC


Pamela Connell, President
Southeast Region Number Portability Administration Company, LLC

Mr. A. Richard Metzger
Federal Communications Commission
January 23, 1998
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cc: Mr. John Muleta
Ms. Geraldine Matise
Ms. Marian Gordon
Ms. Jeannie Grimes
Mr. Andre Rausch
Mr. Patrick Forester
Mr. John M. Leutza, California Public Utilities Commission
Ms. Risa Hernandez, California Public Utilities Commission
Mr. Ken Ellison, Georgia Public Service Commission
Mr. John Bavis, Perot Systems Corporation

Attachments:

- A. Text of December 5, 1997 LLC Letter to Perot
- B. Text of December 15, 1997 LLC Letter to Perot
- C. December 16, 1997 LLC Status Report to NANC
- D. Text of December 19, 1997 Perot Letter to LLCs
- E. January 20, 1998 NPAC System and Center Readiness LLC Reports to NANC

Attachment A: Text of December 5, 1997 LLC Letter to Perot
Page 1 of 3

December 5, 1997

Via Facsimile, Email, and Overnight Delivery

John Bavis
Perot Systems Corporation
1801 Robert Fulton Drive, Suite 200
Reston, VA 20191

Dear John:

We are writing to you on a joint, three-region basis to recap some recent timing and quality issues associated with Users' turn-up testing of the Perot NPAC/SMS. It is our understanding that you are getting accurate reports of that testing from Perot and Nortel personnel. However, we thought it best to write to you directly as well, because it is clear at this point that the NPAC/SMS is not being made available by Perot for testing on the schedule for the phases of turn-up testing specified in the renegotiated contracts for the three regions, nor is the NPAC/SMS software free of defects at the minimum level and at the milestone dates specified in those contracts.

Under the renegotiated contracts, the two Group A testers (MCI and US West) were scheduled to begin Phase 2 turn-up testing on November 10th. That Phase 2 starting date had as a predicate the successful completion by the Group A testers of all Phase 1 test cases, and the successful completion of product validation testing by Perot, no later than November 9th. We recognize that the NPAC/SMS software currently being tested by Users is significantly improved over the version that Users were testing in the summer (which was to be expected, since one of the primary reasons for delaying the testing and scheduled commercial availability of the NPAC/SMS was to give Perot and Nortel time to fix the numerous problems present with the earlier software load). However, as of November 11th, the NPAC/SMS software had 8 open PRs (5 PRs for MCI, and 5 PRs for US West, with 2 duplicates) remaining from the Phase 1 testing. In addition, Perot's Phase 2 product validation testing yielded at least two new PRs, and some Phase 2 test cases could not be run at all on Perot's product validation testing platform.

As you are aware, MCI and US West nevertheless agreed to move forward into Phase 2 testing, despite these deficiencies. Group B and Group C testers experienced similar problems, and yet also agreed to proceed into Phase 2 testing. All these Users have done so in order to spare no effort to keep the turn-up testing on track, so that the testing can be successfully completed, and the NPAC/SMS can be delivered as scheduled on December 15, 1997.

Attachment A: Text of December 5, 1997 LLC Letter to Perot
Page 2 of 3

The turn-up testing reached another important milestone date earlier this week, when the Group A, B, and C testers were all supposed to be able to move into Phase 3 testing, pursuant to the renegotiated contract. That movement did not occur. As of the date of this letter, Perot has not yet completed the Phase 3 product validation tests successfully, nor has it delivered the required documentation associated with Phase 3 testing, including product validation test results, the Phase 3 general software release documentation, or the Phase 3 User test plan and test scripts. Moreover, there are over 90 open PRs remaining from Phase 1 and 2 testing by the Group A, B, and C testers.

Faced with this level of noncompliance, the Group A, B, and C testers have not been willing to proceed to Phase 3 testing. We understand that Perot hopes to complete product validation testing late today; that the new software release scheduled for loading on Sunday, December 7th is expected to fix 20 of the open PRs; and that Perot would like the Group A, B, and C testers to begin Phase 3 testing on Monday, December 8th.

As we have done throughout the contract renegotiation and testing process, we will continue to cooperate and to seek the most efficient and effective means to bring the NPAC/SMS to commercial availability at the earliest possible date. By doing so, however, we have not and do not waive any rights or remedies we may possess under the renegotiated contract, including the right to receive delay credits from and after missed milestone dates.

We urge you to redouble Perot's and Nortel's efforts, and to get the testing back on track, in order to allow us to complete the turn-up testing successfully, so that the NPAC/SMS can be made commercially available on or before December 15, 1997. If you believe, either now or at any time prior to December 15th, that the December 15th commercial availability date is unrealistic or infeasible, please (1) immediately notify the Chair/President and the Project Executive of each region of that belief in writing, and (2) provide Perot's best written estimate of a revised schedule with which Perot and Nortel can comply. Please also provide, no later than Wednesday, December 10th, a written schedule showing when each of the open PRs will be fixed, based on Perot's and Nortel's best current information and judgment.

Sincerely yours,

(signed)

Stephen P. Bowen

On Behalf of the Chairs/Presidents of:
West Coast Portability Services, LLC

Attachment A: Text of December 5, 1997 LLC Letter to Perot
Page 3 of 3

Western Region Telephone Number Portability, LLC
Southeast Number Portability Administration Company, LLC

cc: Chairs/Presidents of the three Regional LLCs
David Lee, Esq. (Hughes & Luce)

Attachment B: Text of December 15, 1997 LLC Letter to Perot
Page 1 of 2

December 15, 1997

Via Facsimile, Email, and Overnight Delivery

John Bavis
Perot Systems Corporation
1801 Robert Fulton Drive, Suite 200
Reston, VA 20191

Dear John:

We are writing to you on a joint, three-region basis to provide our initial response to the revised turn-up testing schedule proposed by Perot Systems at the meeting/conference call held on Wednesday, December 10, 1997. Each region's LLC has been discussing your proposal, and will continue to do so. We do not intend to renegotiate and change the Master Contract again to reflect any modifications to the obligations, software delivery dates, or testing dates contained in the current version of the Master Contract. Instead, we want to work with Perot to understand more fully when Perot will be able to deliver software loads, engage in the remaining turn-up testing with Service Providers, and meet its other obligations under the Master Contract.

We note that Section 8.4.1 of the Master Contract requires Perot to notify each LLC in writing when each testing Deliverable is completed, and then requires each LLC to notify Perot in writing of any perceived defect and/or nonconformance with the Specifications within five business days. Perot's proposed revised turn-up testing schedule does not constitute a notification under Section 8.4.1, in part because your proposal on its face makes it clear that Perot is not delivering Deliverables pursuant to the schedule in the Master Contract. Out of an abundance of caution, however, we hereby inform Perot that Perot's proposed revised turn-up testing schedule does not conform with the Specifications and delivery schedules in the Master Contract. We will respond more fully to your proposal when each LLC has completed its review and consideration of that proposal.

We also note that Section 19.2 of the Master Contract for each region provides each LLC with the right to terminate the agreement if certain conditions are not met by Perot. The first right of termination ripened on November 9, 1997. While we have not yet exercised that termination right, we want to make it clear that we have not waived that termination right. The second termination right ripens today. While we are not exercising that termination right at this time, we also want to make it clear that we are not waiving that termination right.

Sincerely yours,

Attachment B: Text of December 15, 1997 LLC Letter to Perot
Page 2 of 2

(signed)

Stephen P. Bowen

On Behalf of the Chairs/Presidents of:

West Coast Portability Services, LLC

Western Region Telephone Number Portability, LLC

Southeast Number Portability Administration Company, LLC

cc: Chairs/Presidents of the three Regional LLCs
David Lee, Esq. (Hughes & Luce)

Attachment C: December 16, 1997 LLC Status Report to NANC

STATUS OF THE PEROT SYSTEMS NPAC/SMS

This information is provided by West Coast Portability Services, LLC, Western Region Telephone Number Portability, LLC and Southeast Number Portability Administration Company, LLC.

On December 10, 1997, a conference call was held between Perot Systems and the members of the West Coast, Western, and Southeast LLCs. The purpose of the call was for Perot Systems to provide to the LLCs the status of the NPAC/SMS. Perot Systems advised the LLCs that the negotiated delivery date of December 15, 1997, cannot be met. This slip in delivery date is due to Perot Systems' failure to provide a stable software and hardware platform.

Commercial porting cannot commence without a fully operational NPAC/SMS. Thus, late delivery of the NPAC/SMS may impact the LNP MSA schedule. The service providers are currently evaluating the effects of the delay. A report will be provided to the NANC and the FCC upon completion of that evaluation.

Attachment D: Text of December 19, 1997 Perot Letter to LLCs
Page 1 of 2

December 19, 1997

Via Facsimile, Email, and Overnight Delivery

Steve Bowen, Esq.
Blumenfeld & Cohen
4 Embarcadero Center Suite 1170
San Francisco, CA 94111

Dear Steve,

I am writing to you as the point of contact for the most recent joint LLC correspondence. As you are aware, problems with the most recent release of the software (Release 71) have impacted the schedule I outlined during the joint LLC conference call last week. We are diligently pursuing several corrective measures to bring this project back on track in the most expeditious and successful manner. The alternatives that we are currently considering are as follows:

- * terminate the Nortel subcontract and have the development and testing activities assumed by Perot Systems
- * lease or purchase Lockheed Martin's NPAC software
- * continue with Nortel and have Perot Systems assume all development and testing management activities

We are under the assumption that delivery of a fully operational NPAC in the most timely manner is the number one objective of the LLCs.

Based on this assumption, the third alternative would allow the implementation of the NPAC more quickly than the other alternatives.

I would like to discuss all of these alternatives during the joint LLC conference call scheduled for December 23, 1997.

Based on the request of the Service Providers we will not be addressing the problem reports in a Load A/B structure. We are currently developing a project plan that will contain releases on a more frequent basis than the current monthly release plan. This plan will contain the assumptions, risks and contingencies in sufficient detail to demonstrate that the project commitments can be attained. A draft of this plan will be available to the LLCs prior to the conference call. The final project plan and metrics will be delivered to the LLCs on December 30, 1997.

Attachment D: Text of December 19, 1997 Perot Letter to LLCs
Page 2 of 2

Perot Systems remains committed to our obligation with each of the LLCs to deliver a functional NPAC.

Sincerely,

(signed)
John Bavis

cc: Pamela Connell
Richard Scheer
Karen Mulberry¹⁶
David Lee, Esq.
Rob Morgan, Esq.

¹⁶ Note: Karen Mulberry was Acting Chair of the Western Region LLC at the time of this letter.

Attachment E:

**Number Portability Administration Center (NPAC) System and Center Readiness
Limited Liability Company (LLC) Reports As of January 20, 1998**

| Milestones | Northeast | | Mid-Atlantic | | Southeast | | Southwest | |
|--|------------------|---------------|---------------------|---------------|------------------|---------------|------------------|---------------|
| | Start | Finish | Start | Finish | Start | Finish | Start | Finish |
| 1. NPAC Data Center Operational | Complete | | Complete | | Complete | | Complete | |
| 2. Interoperability Testing | 5-15-97 | 8-3-97 | 5-26-97 | 8-4-97 | 9-13-97 | 10-12-97 | 5-15-97 | 8-3-97 |
| 3. Turn-up Testing | 5-30-97 | 9-18-97 | 7-28-97 | 9-10-97 | 9-22-97 | 10-12-97 | 9-29-97 | 11-19-97 |
| 4. SP to SP NPAC Testing | 9-29-97 | 10-16-97 | 9-11-97 | 9-26-97 | 10-13-97 | TBD | 11-20-97 | 12-5-97 |
| 5. NPAC Ready for Intercompany Testing | 10-25-97 | 10-25-97 | 10-5-97 | 10-5-97 | TBD | TBD | 1-19-98 | 1-19-98 |
| 6. Intercompany Testing | 10-27-97 | 11-29-97 | 10-6-97 | 10-28-97 | TBD | TBD | 1-20-98 | 3-20-98 |
| 7. Begin Commercial Porting | 11-30-97 | 11-30-97 | 10-30-97 | 10-30-97 | TBD | TBD | 3-31-98 | 3-31-98 |
| 8. Additional SP Added | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD |
| 9. Jeopardy Issues | None | | None | | See **Note | | None | |

| | Midwest | | Western | | West Coast | | Canada | |
|--|----------------|---------------|----------------|---------------|-------------------|---------------|---------------------------|---------------|
| | Start | Finish | Start | Finish | Start | Finish | Start | Finish |
| 1. NPAC Data Center Operational | Complete | | Complete | | Complete | | Ready for Beta Testing*** | |
| 2. Interoperability Testing | 11-23-96 | 5-21-97 | 9-13-97 | 10-12-97 | 9-13-97 | 10-12-97 | N/A | N/A |
| 3. Turn-up Testing | 5-19-97 | 7-25-97 | 9-22-97 | 10-12-97 | 9-22-97 | 10-12-97 | 11/17/97** | TBD |
| 4. SP to SP NPAC Testing | 7-25-97 | 8-7-97 | 10-13-97 | TBD | 10-13-97 | TBD | TBD | TBD |
| 5. NPAC Ready for Intercompany Testing | 8-10-97 | 8-10-97 | TBD | TBD | TBD | TBD | TBD | TBD |
| 6. Intercompany Testing | 8-11-97 | 9-26-97 | TBD | TBD | TBD | TBD | TBD | TBD |
| 7. Begin Commercial Porting | 11-24-97* | 11-24-97 | TBD | TBD | TBD | TBD | TBD | TBD |
| 8. Additional SP Added | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD |
| 9. Jeopardy Issues | None | | See **Note | | See **Note | | None | |

* Ameritech Commercial Porting on hold pending cost recovery order.

** To date, the NPAC is not ready for Intercompany testing due to the failure of Perot Systems and its subcontractor Nortel to provide a stable software and hardware platform. Perot's latest project recovery proposal would extend SP to SP NPAC Testing through six additional software loads through 7/6/98. Perot's plan, if accepted by the West Coast, Western and Southeast region LLCs, will result in a significant impact to the FCC implementation schedule in these regions. The LLCs are currently evaluating the extent of the impact.

*** Beta Testing: Pre-Production Software Testing

Milestone Definitions

- NPAC Data Center Operational - NPAC vendor data centers available to begin testing with Service Providers (SPs); all hardware, software, circuits, and personnel subsystems in place.
- Interoperability Testing - Tests conducted by the Service Order Administration (SOA) developers and the Local Service Management System (LSMS) developers in conjunction with the NPAC to test and verify SOA and LSMS interfaces with the NPAC.
- Turn-up Testing - Tests conducted by an individual SP in conjunction with the NPAC to comprehensively test SP SOA and LSMS functionality with the NPAC.
- SP to SP NPAC Testing - Tests conducted by pairs of SPs in conjunction with the NPAC to comprehensively test and verify each SPs SOA and LSMS interface and interaction with the NPAC (does not include tests of network elements).
- NPAC Ready for Intercompany Testing - Vendor ready to begin intercompany tests.
- Intercompany Testing - Tests between SPs including tests of network elements. The tests include the same activities performed during the field trial conducted in the Midwest region from 8-11-97 through 9-26-97.
- Begin Commercial Porting - NPAC and SPs ready to begin live porting.
- Additional SP Added - Another SP not involved in initial testing begins live porting.
- Jeopardy Issues - Any situation that will preclude completion of a milestone by the finish date.